PARADISE INC
Form 10-Q
November 16, 2015

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly report pursuant to section 13 or 15(d) of the Securities Act of 1934.

For the quarterly period ended September 30, 2015

or

¨Transition report pursuant to section 13 or 15(d) of the Securities Act of 1934.

Commission File No. 0-3026

PARADISE, INC.

INCORPORATED IN FLORIDA

I.R.S. EMPLOYER IDENTIFICATION NO. 59-1007583

1200 DR. MARTIN LUTHER KING, JR. BLVD.,

PLANT CITY, FLORIDA 33563

(813) 752-1155

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes ¨ No x

The number of shares outstanding of each of the issuer's classes of common stock as of November 16, 2015 was 519,600 shares.

PARADISE, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

INDEX

PARADISE, INC. COMMISSION FILE NO. 0-3026

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PARADISE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	AS OF SEPTEMBER 30, 2015 (UNAUDITED)	AS OF DECEMBER 31, 2014	AS OF SEPTEMBER 30, 2014 (UNAUDITED)
ASSETS			
CURRENT ASSETS:			
Cash	$ 1,329,580	$ 7,788,010	$ 304,858
Accounts Receivable, Less, Allowances of $0 (09/30/15), $912,789 (12/31/14) and $0 (09/30/14)	6,678,038	3,046,669	5,571,292
Inventories:			
Raw Materials and Supplies	2,953,888	2,146,872	3,313,793
Work in Process	487,769	987,614	169,078
Finished Goods	7,993,246	4,350,423	8,851,760
Income Tax Asset	344,235	78,277	431,316
Deferred Income Tax Asset	277,291	277,291	330,198
Prepaid Expenses and Other Current Assets	437,130	306,951	487,413
Total Current Assets	20,501,177	18,982,107	19,459,708
Property, Plant and Equipment, Less, Accumulated Depreciation of $18,192,229 (09/30/15), $17,880,096 (12/31/14) and $17,742,407 (09/30/14)	3,753,580	3,473,829	3,564,448
Goodwill	413,280	413,280	413,280
Customer Base and Non-Compete Agreement	93,563	187,977	219,448
Other Assets	471,978	451,373	400,058
TOTAL ASSETS	$ 25,233,578	$ 23,508,566	$ 24,056,942

See Accompanying Notes to these Consolidated Financial Statements (Unaudited)

2

	AS OF SEPTEMBER 30, 2015 (UNAUDITED)	AS OF DECEMBER 31, 2014	AS OF SEPTEMBER 30, 2014 (UNAUDITED)
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short Term Debt	$ 1,385,769	$ 112,879	$ 1,313,411
Accounts Payable	1,234,036	603,342	736,880
Accrued Liabilities	668,656	819,458	590,558
Total Current Liabilities	3,288,461	1,535,679	2,640,849
DEFERRED INCOME TAX LIABILITY	203,667	203,667	297,094
Total Liabilities	3,492,128	1,739,346	2,937,943
STOCKHOLDERS' EQUITY:			
Common Stock: $0.30 Par Value, 2,000,000 Shares Authorized, 583,094 Shares Issued, 519,600 Shares Outstanding	174,928	174,928	174,928
Capital in Excess of Par Value	1,288,793	1,288,793	1,288,793
Retained Earnings	20,550,948	20,578,718	19,928,497
Treasury Stock, at Cost, 63,494 Shares	(273,219)	(273,219)	(273,219)
Total Stockholders' Equity	21,741,450	21,769,220	21,118,999
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 25,233,578	$ 23,508,566	$ 24,056,942

3

PARADISE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,	
	2015	2014
Net Sales	$ 8,861,873	$ 7,997,009
Costs and Expenses:		
Cost of Goods Sold	6,453,619	6,728,146
Selling, General and Administrative Expense	1,147,469	1,117,477
Amortization Expense	32,471	35,971
Interest Expense	-	1,520
Total Costs and Expenses	7,633,559	7,883,114
Income from Operations	1,228,314	113,895
Other Expenses	(24,967)	(29,980)
Income from Operations Before Income Taxes	1,203,347	83,915
Provision for Income Taxes	471,256	33,566
Net Income	$ 732,091	$ 50,349
Income per Common Share (Basic and Diluted)	$ 1.41	$ 0.10
Dividend per Common Share	$ 0.00	$ 0.00

See Accompanying Notes to these Consolidated Financial Statements (Unaudited)

PARADISE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2015	2014
Net Sales	$ 14,032,757	$ 13,737,391
Costs and Expenses:		
Cost of Goods Sold	10,936,925	11,107,099
Selling, General and Administrative Expense	2,979,115	2,795,581
Amortization Expense	104,414	107,914
Interest Expense	-	1,520
Total Costs and Expenses	14,020,454	14,012,114
Income (Loss) from Operations	12,303	(274,723)
Other Income	19,885	6,981
Income (Loss) from Operations Before Income Taxes	32,188	(267,742)
(Provision for Income Taxes) Income Tax Benefit	(2,792)	107,097
Net Income (Loss)	$ 29,396	$ (160,645)
Income (Loss) per Common Share (Basic and Diluted)	$ 0.06	$ (0.31)
Dividend per Common Share	$ 0.11	$ 0.11

See Accompanying Notes to these Consolidated Financial Statements (Unaudited)

PARADISE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$29,396	$(160,645)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:		
Depreciation and Amortization	416,548	449,842
(Increase) Decrease in:		
Accounts Receivable	(3,631,369)	(3,201,971)
Inventories	(3,949,994)	(3,496,833)
Prepaid Expenses	(130,179)	(182,601)
Other Assets	(30,605)	(129,579)
Income Tax Asset	(265,958)	(152,097)
Increase (Decrease) in:		
Accounts Payable	630,684	428,551
Accrued Liabilities	(150,802)	(332,982)
Net Cash Used in Operating Activities	(7,082,279)	(6,778,315)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(591,885)	(89,448)
Net Cash Used in Investing Activities	(591,885)	(89,448)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Short Term Debt	(149,112)	(359,545)
Proceeds from Short Term Debt	1,422,002	1,672,956
Net Proceeds from Short Term Debt	1,272,890	1,313,411
Dividends Paid	(57,156)	(57,156)
Net Cash Provided by Financing Activities	1,215,734	1,256,255
NET DECREASE IN CASH	(6,458,430)	(5,611,508)
CASH, AT BEGINNING OF PERIOD	7,788,010	5,916,366
CASH, AT END OF PERIOD	$1,329,580	$304,858

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for:

Interest	$-	$1,520
Income Taxes	$268,750	$45,000

See Accompanying Notes to these Consolidated Financial Statements (Unaudited)

PARADISE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Paradise, Inc. (the “Company”) have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements.

The information furnished herein reflects all adjustments and accruals of a normal recurring nature that management believes are necessary to fairly state the operating results for the respective periods. The notes to the unaudited consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the Company’s Form 10-K for the year ended December 31, 2014. The Company’s management believes that the disclosures are sufficient for interim financial reporting purposes.

Consumer demand for glace’ fruit product is traditionally strongest during the Thanksgiving and Christmas season. Almost 80% of glace’ fruit product sales are recorded during an eight to ten week period beginning in mid September. Therefore, the operating results for the nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the current year.

Certain minor reclassifications have been made to the consolidated unaudited financial statements for the three and nine months ended September 30, 2014 to conform to the classifications used for the three and nine months ended September 30, 2015.

NOTE 2 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* The guidance in this update supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout Industry topics of the Codification. Additionally, this Update supersedes some cost guidance included in Subtopic 605-35*, Revenue Recognition - Construction-Type and Production-Type Contracts.* In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (for example, assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles-Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in this Update. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date to annual reporting periods beginning after December 15, 2017. Early adoption is permitted as of the original effective date in ASU No. 2014-09, which is for annual reporting periods beginning after December 15, 2016. We are currently evaluating the impact of adopting the guidance on our consolidated financial statements.

PARADISE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 2 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In April 2015, the FASB issued ASU No. 2015-03, *"Interest – Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs."* ASU No. 2015-03 simplifies the presentation of debt issuance costs by requiring that the costs related to a recognized debt liability be presented in the consolidated balance sheet as a direct reduction from the carrying amount of that liability. ASU No. 2015-03 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. ASU No. 2015-03 is required to be applied retrospectively to all periods presented beginning in the year of adoption. Early adoption is permitted. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*, which amends FASB ASU Topic 330, *Inventory*. This ASU requires entities to measure inventory at the lower of cost or net realizable value and eliminates the option that currently exists for measuring inventory at market value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This ASU should be applied prospectively with earlier application permitted. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

Except as noted above, the Company's management does not believe that recent codified pronouncements by the Financial Accounting Standards Board ("FASB") (including its EITF), the AICPA or the Securities and Exchange Commission will have a material impact on the Company's current or future consolidated financial statements.

NOTE 3 INCOME (LOSS) PER COMMON SHARE

Basic and diluted income (loss) per common share is based on the weighted average number of shares outstanding and assumed to be outstanding of 519,600. There are no dilutive securities outstanding.

PARADISE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 4 BUSINESS SEGMENT DATA

The Company's operations are conducted through two business segments. These segments, and the primary operations of each, are as follows:

Business Segment	**Operation**
Fruit	Production of candied fruit, a basic fruitcake ingredient, sold to manufacturing bakers, institutional users, and retailers for use in home baking. Also, based on market conditions, the processing of frozen strawberry products, for sale to commercial and institutional users such as preservers, dairies, drink manufacturers, etc.
Molded Plastics	Production of plastics containers and other molded plastics for sale to various food processors and others.

	Three months ended September 30, 2015	Three months ended September 30, 2014
Net Sales in Each Segment		
Fruit:		
Sales to Unaffiliated Customers	$ 7,102,818	$ 6,291,333
Molded Plastics:		
Sales to Unaffiliated Customers	1,759,055	1,705,676
Net Sales	$ 8,861,873	$ 7,997,009

	Nine months ended September 30, 2015	**Nine months ended September 30, 2014**
Net Sales in Each Segment		
Fruit:		

Sales to Unaffiliated Customers	$ 8,409,947	$ 7,519,930
Molded Plastics:		
Sales to Unaffiliated Customers	5,622,810	6,217,461
Net Sales	$ 14,032,757	$ 13,737,391

9

PARADISE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 4 BUSINESS SEGMENT DATA (CONTINUED)

The Company does not prepare operating profit or loss information on a segment basis for internal use, until the end of each year. Due to the seasonal nature of the fruit segment, management believes that it is not practical to prepare this information for interim reporting purposes. Therefore, reporting is not required by accounting principles generally accepted in the United States of America.

	September 30, 2015	September 30, 2014
Identifiable Assets of Each Segment are Listed Below:		
Fruit	$ 16,957,811	$ 16,988,637
Molded Plastics	4,887,629	4,565,580
Identifiable Assets	21,845,440	21,554,217
General Corporate Assets	3,388,138	2,502,725
Total Assets	$ 25,233,578	$ 24,056,942

Identifiable assets by segment are those assets that are principally used in the operations of each segment. General corporate assets are principally cash, prepaid expenses, other current assets, land and income tax assets.

NOTE 5 LINE OF CREDIT

On July 31, 2015, Paradise, Inc. renewed its revolving line of credit with SunTrust Bank through July 31, 2017. This renewal provides for a maximum limit of $12 million and a borrowing limit of 80% of the Company's eligible receivables plus the lessor of $6,000,000 or 50% of the Company's eligible inventory from January 1 to May 31 and 60% from June 1 to December 31 of each year. Within this agreement are letters of credit with a limit of $1,750,000. The agreement is secured by all of the assets of the Company and requires that certain conditions are met for the Company to continue borrowing, including debt service coverage and debt to equity ratios and other financial covenants including an agreement not to encumber a mortgage on the property without bank approval. Interest is payable monthly at the bank's LIBOR plus 1.75%.

10

PARADISE, INC. COMMISSION FILE NO. 0-3026

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward–Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact should be considered "forward-looking statements" for the purpose of these provisions, including statements that include projections of, or expectations about, earnings, revenues or other financial items, statements about our plans and objectives for future operations, statements concerning proposed new products or services , statements regarding future economic conditions or performance, statements concerning our expectations regarding the attraction and retention of customers, statements about market risk and statements underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of such terminology as "may", "will", "expects", "potential", or "continue", or the negative thereof or other similar words. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we can give no assurance that such expectations or any of our forward-looking statements will prove to be correct. Actual results and developments are likely to be different from, and may be materially different from, those expressed or implied by our forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties.

Overview

Paradise, Inc.'s main business segment, glace' fruit, a prime ingredient of fruitcakes and other holiday confections, represented 65.8% of total net sales for the previous year of 2014. These products are sold to manufacturing bakers, institutional users, supermarkets and other retailers throughout the country. Consumer demand for glace' fruit product is traditionally strongest during the Thanksgiving and Christmas season. Almost 80% of glace' fruit product sales are recorded for a period of eight to ten weeks beginning in mid September.

Since the majority of the Company's customers require delivery of glace' fruit products during this relatively short period of time, Paradise, Inc. must operate at consistent levels of production from as early as January through the middle of November of each year in order to meet peak demands. Furthermore, the Company must make substantial borrowings of short-term working capital to cover the cost of raw materials, factory overhead and labor expense associated with production for inventory. This combination of building and financing inventories during the year, without the opportunity to record any significant fruit product income, results in the generation of operating losses well into the third quarter of each year. Therefore, it is the opinion of management that meaningful forecasts of annual net sales or profit levels require analysis of a full year's operations.

In addition, comparison of current quarterly results to the preceding quarter produces an incomplete picture on the Company's performance due to year-to-year changes in production schedules, seasonal harvests and availability of raw materials, and in the timing of customer orders and shipments. Thus, the discussion of information presented within this report is focused on the review of the Company's current year-to-date results as compared to the similar period last year.

Paradise, Inc.'s other business segment, Paradise Plastics, Inc., a wholly owned subsidiary of Paradise, Inc. produces custom molding products, is not subject to the seasonality of the glace' fruit business. This segment represents all injection molding and thermoforming operations, including the packaging for the Company's fruit products. Only sales to unaffiliated customers are reported.

PARADISE, INC. COMMISSION FILE NO. 0-3026

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The First Nine Months

Paradise, Inc.'s fruit segment net sales for the first nine months of 2015 increased 10.8% to $8,409,947 compared to $7,519,930 for the similar nine month reporting period of 2014. This increase is primarily due to timing differences in the receipt of customers' orders and the corresponding shipping dates for delivery of the Company's retail glace' fruit products. Specifically, several major customers requested delivery of their opening orders during the third quarter of 2015 as compared to the beginning of the fourth quarter of 2014. Paradise, Inc. recognizes net sales upon receipt of its products by customer. Thus, when merchandise is shipped and received by customers during different interim reporting periods, timing differences in reported net sales will be realized. Management has consistently disclosed that interim filings are not reliable financial indicators of year-end performance. Factors such as weather conditions, product placement on supermarket shelves along with customer demand will have a direct impact on the seasonal holiday sales of glace' fruit. Only a full year's accounting will provide the necessary financial information to determine the Company's overall success.

Paradise Plastics, Inc., a wholly owned company of Paradise, Inc. which accounted for 34.2% of total net sales to unaffiliated customers for the previous year, generated net sales of $5,622,810 for the nine months ended September 30, 2015 compared to $6,217,461 for the similar reporting period of 2014. This decline in net sales, reported and disclosed in Paradise, Inc.'s first quarter 10Q filing, is directly related to the decision of an existing long term customer to transfer production of a custom molding product to their facilities as of January 1, 2015. During the first nine months of 2015, Paradise Plastics, Inc. placed into service $387,780 in production equipment in order to process sales orders received from existing and new clients. As a result, the Company was able to process over $200,000 in new sales orders from one existing customer during the third quarter of 2015. While encouraged with these new orders, no determination can be made as to how much revenue will be generated for the remainder of 2015 as commitments for new sales orders are typically for a period of up to 90 days. Furthermore, in an effort to further expand the Company's business base into such areas as medical supplies, food processing and aerospace customers, management made a financial commitment in 2014 to become AS9100C certified. This certification, which represents a series of standards and developed by the International Organization Standardization (ISO) for manufacturing companies will continued to be emphasized as we seek new business opportunities.

Consolidated cost of sales, as a percentage of consolidated net sales, decreased 2.8% during the first nine months of 2015 compared to the similar reporting period of 2014. This is a positive change from the increase in cost of sales as a percentage of sales of 10.3% reported during the second quarter filing of 2015. As previously reported, due to market conditions associated with the harvesting of several brined fruit commodities, a lesser amount of brined fruit was received and processed into higher valued finish goods inventory as of June 30, 2015. This position turned around during the third quarter of 2015, as a greater percentage of brined fruit was received and processed into higher value finished goods inventory as of September 30, 2015. However, with processing continuing well into the fourth quarter of the year, it's important to mention that only a full year's accounting of production, allocated over twelve months of factory overhead, will be the only meaningful way to measure cost of sales.

Inventory value as of September 30, 2015 totaled $11,434,903 compared to $12,334,631 as of September 30, 2014 as a greater amount of brined fruit was received and processed into higher value finish goods inventory during the third quarter of 2015 than during the third quarter of 2014. For reference purposes, inventory value as of June 30, 2015 was $12,481,349 compared to $14,051,869 as of June 30, 2014. Correspondingly, as the Company purchases a significant amount of brined fruit inventory by utilizing existing letters of credit from its lender, SunTrust Bank, short term debt related to the purchase of brined fruit totaled $1,385,769 at September 30, 2015 compared to $1,313,411 at September 30, 2014. There were no other borrowings as of September 30, 2015.

PARADISE, INC. COMMISSION FILE NO. 0-3026

PART I. FINANCIAL INFORMATION

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The First Nine Months (Continued)

Accounts payable as of September 30, 2015 totaled $1,234,036 compared to $736,880 as of September 30, 2014. This increase of $497,156 is primarily related to the decision to purchase various brined fruit materials outside of the Company’s existing letter of credit agreement during the later stages of the third quarter of 2015 compared to the third quarter of 2014.

Accounts Receivable as of September 30, 2015 totaled $6,678,038 compared to $5,571,292 as of September 30, 2014. This increase in accounts receivable of $1,106,746 is related to an increase in sales to the Company’s fruit segment customers for the nine month ending September 30, 2015 compared to September 30, 2014. Fruit segment sales, as disclosed in Note 4 of this filing, increased by $890,017.

Selling expenses for the first nine months of 2015 increased $192,562 compared to the similar reporting period of 2014. This increase is related to the decision of Paradise, Inc.’s management to expense to operations a total of $140,401 in outstanding receivables and inventory owed to Paradise Plastics, Inc. from a customer that ceased doing business in mid 2015. Paradise, Inc. has initiated legal action to recover this amount. Legal expenses incurred as of September 30, 2015 totaled $15,600 and are recorded in the third quarter filing.

On July 31, 2015, Paradise, Inc. renewed its revolving line of credit with SunTrust Bank through July 31, 2017. This renewal provides for a maximum limit of $12 million and a borrowing limit of 80% of the Company’s eligible receivables plus the lessor of $6,000,000 or 50% of the Company’s eligible inventory from January 1 to May 31 and 60% from June 1 to December 31 of each year. Within this agreement are letters of credit with a limit of $1,750,000. The agreement is secured by all of the assets of the Company and requires that certain conditions are met for the Company to continue borrowing, including debt service coverage and debt to equity ratios and other financial covenants including an agreement not to encumber a mortgage on the property without bank approval. Interest is payable monthly at the bank’s LIBOR plus 1.75%.

Paradise, Inc. finances ongoing operations primarily with cash provided by our operating activities which are seasonal in nature. Our principal sources of liquidity are our cash flows provided by operating activities, our existing cash, and a line of credit facility. At September 30, 2015 and December 31, 2014, we had $1,329,580 and $304,858, respectively, in cash. Additionally, we have a revolving line of credit with a maximum limit of $12 million and a borrowing limit of 80% of the Company's eligible receivables plus up to 60% of the Company's eligible inventory, of which $0 was outstanding at September 30, 2015 and $0 at December 31, 2014. Within this agreement, there are letters of credit with a limit of $1,750,000, of which $1,385,769 was outstanding at September 30, 2015 and $112,879 at December 31, 2014. The line of credit agreement expires in July, 2017. Net cash decreased by $6,458,430 for the nine months ended September 30, 2015 compared to $5,611,508 for the nine months ended September 30, 2014. The primary reasons for this change were related to the increased capital additions of $502,437 and an increase of income tax payments of $223,750.

PARADISE, INC. COMMISSION FILE NO. 0-3026

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Summary

Paradise Inc.'s consolidated net sales increased to $14,032,757 for the first nine months of 2015 compared to $13,737,391 for the first nine months of 2014. This increase as mentioned above is primarily timing in nature as several existing glace' fruit customers requested and received their retail glace' fruit orders in the third quarter of 2015 compared to the fourth quarter of 2014. Thus, as mentioned and disclosed in all previous interim filings, due to the highly seasonal nature of the Company's primary product, glace' fruit, no meaningful financial analysis should be developed from Paradise, Inc.'s interim reporting results. Only a full year's accounting of revenue and expenses will provide the necessary information to determine the Company's financial performance.

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Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assessments, estimates and assumptions that affect the amounts reported in the consolidated financial statements. We evaluate the accounting policies and estimates used to prepare the consolidated financial statements on an ongoing basis. Critical accounting estimates are those that require management's most difficult, complex, or subjective judgments and have the most potential to impact our financial position and operating results. For a detailed discussion of our critical accounting estimates, see our Annual Report on Form 10-K for the year ended December 31, 2014. There have been no material changes to our critical accounting estimates during the nine months ended September 30, 2015.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance in this update supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition,* and most industry-specific guidance throughout Industry topics of the Codification. Additionally, this Update supersedes some cost guidance included in Subtopic 605-35, *Revenue Recognition - Construction-Type and Production-Type Contracts.* In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (for example, assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles-Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in this Update. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date to annual reporting periods beginning after December 15, 2017. Early adoption is permitted as of the original effective date in ASU No. 2014-09, which is for annual reporting periods beginning after December 15, 2016. We are currently evaluating the impact of adopting the guidance on our consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *"Interest – Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs."* ASU No. 2015-03 simplifies the presentation of debt issuance costs by requiring that these costs related to a recognized debt liability be presented in the consolidated balance sheet as a direct reduction from the carrying amount of that liability. ASU No. 2015-03 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. ASU No. 2015-03 is required to be applied retrospectively to all periods presented beginning in the year of adoption. Early adoption is permitted. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

PARADISE, INC. COMMISSION FILE NO. 0-3026

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Recently Issued Accounting Pronouncements (Continued)

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*, which amends FASB ASU Topic 330, *Inventory*. This ASU requires entities to measure inventory at the lower of cost or net realizable value and eliminates the option that currently exists for measuring inventory at market value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This ASU should be applied prospectively with earlier application permitted. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

Except as noted above, the Company's management does not believe that recent codified pronouncements by the Financial Accounting Standards Board ("FASB") (including its EITF), the AICPA or the Securities and Exchange Commission will have a material impact on the Company's current or future consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosure and Market Risk – N/A

Item 4. Controls and Procedures

As of September 30, 2015, our Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, and they have concluded that we maintain effective disclosure controls and procedures. There were no changes in our internal control over financial reporting during the nine months ended September 30, 2015.

Disclosure controls and procedures mean the methods designed to ensure that information that the Company is required to disclose in the reports that it files with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods required. Our controls and procedures are designed to ensure that all information required to be disclosed is accumulated and communicated to our management to allow timely decisions regarding disclosure. Our controls and procedures are also designed to provide reasonable assurance of the reliability of our financial reporting and accurate recording of our financial transactions.

A control system, however well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. There are inherent limitations in all control systems, and no evaluation of controls can provide absolute assurance that all control gaps or instances of fraud have been detected. These inherent limitations include the realities that the judgments in decision-making can be faulty, and that simple errors or mistakes can occur.

PARADISE, INC. COMMISSION FILE NO. 0-3026

PART II. OTHER INFORMATION

Item 1. Legal Proceedings – N/A

Item 1A. Risk Factors – N/A

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds – N/A

Item 3. Defaults Upon Senior Securities – N/A

Item 4. Mine Safety Disclosures – N/A

Item 5. Other Information – N/A

Item 6. Exhibits

Exhibit Number	**Description**
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
EX-101.INS	XBRL Instance Document
EX-101.SCH	XBRL Taxonomy Extension Schema
EX-101.CAL	XBRL Taxonomy Extension Calculation Linkbase
EX-101.DEF	XBRL Taxonomy Extension Definition Linkbase
EX-101.LAB	XBRL Taxonomy Extension Label Linkbase
EX-101.PRE	XBRL Taxonomy Extension Presentation Linkbase

PARADISE, INC. COMMISSION FILE NO. 0-3026

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PARADISE, INC.
A Florida Corporation

/s/ Melvin S. Gordon Melvin S. Gordon Chief Executive Officer and Chairman	Date: November 16, 2015
/s/ Jack M. Laskowitz Jack M. Laskowitz Chief Financial Officer and Treasurer	Date: November 16, 2015